



## Fact Sheet: College Affordability

### Key Statistics

- Student loan debt exceeds \$1 trillion, including more than \$200 billion in private student loans. [CAP, [11/21/13](#)]
- Adjusting for inflation, federal student-loan disbursements are seven times greater than in 1982, increasing from \$6.2 billion in 1982 to \$105 billion in 2012. [CAP, [8/30/13](#)]
- College tuition at a public, four-year school increased by 307% from 1989-2010. [Third Way, [1/14](#)]
- In 2012, the average student graduated with \$29,400 in student loan debt. [TICAS, [12/4/13](#)]
- Seven in ten college seniors who graduated in 2012 had student loan debt. [TICAS, [12/4/13](#)]
- From 2008 to 2012, average debt for federal and private student loans increased by 6% each year. [TICAS, [12/4/13](#)]

### 1. The Rising Costs of Attending College

- **The cost of college is skyrocketing.** For the 2013-2014 school year, in-state tuition and fees at public four-year institutions averaged \$8,893, a 2.9% increase from the previous year. Adjusted for inflation, between 2000 and 2011, in-state tuition at public four-year colleges and universities increased 67% and out-of-state tuition increased by 47%, far faster than costs for gasoline, health care, and other consumer items. [College Board, [10/23/13](#); Departments of Treasury and of Education, [12/12](#); NY Times, [3/12/12](#)]
- **Students are shouldering more of the college cost burden.** As a percent of revenue, tuition and fees at public four-year colleges and universities have doubled since 1987, while the portion funded by state and local governments has declined by 24%. State funding per student has also decreased from \$10,726 per student to \$8,655 per student since 1986. [Departments of Treasury and of Education, [12/12](#); NY Times, [5/12/12](#)]

### 2. Student Debt Is At Record Levels and Rising

- **Student loan debt has exploded.** Student loan debt has surpassed credit card and auto loan debt, and is second only to mortgage debt for American families. More than 38 million student loan borrowers owe more than \$1.1 trillion in outstanding student loan debt. In 2012, the average student graduated with \$29,400 in student loan debt, up from \$26,000 in 2011. [TICAS, [12/4/13](#); CAP, [8/20/13](#); CFPB, [5/13](#)]
- **Americans are increasingly relying on debt to pay for college.** 71% of students who graduated in 2012 had student loan debt. In 1993, less than half of graduates had to take out student loans. [TICAS, [12/4/13](#); NY Times, [5/12/12](#)]
- **Student borrowers are having a tough time keeping up with mounting debt.** Of the \$1 trillion in outstanding student loan debt, only 60% of borrowers in repayment are actually making their scheduled payments. As of September 30, 2013, the other 40% were in deferment, forbearance, or default, indicating that borrowers are in distress. [CAP, [11/21/13](#); CAP, [12/12/13](#)]

- **Student loan debt will make it harder for graduates to get ahead.** As more students are burdened by increasing debt loads to pay for college, it will be more difficult for them to move forward in life and contribute to our economy.
  - As student debt has risen, household formation has declined. From 2007 to 2011, the number of Americans ages 25 to 34 living with their parents increased from 4.7 million to 6 million. A recent study found that every new household contributes an estimated \$145,000 to economic activity. [CAP, [4/10/13](#); CFPB, [5/13](#)]
  - Nationally, the homeownership rate recently reached an 18-year low, including among young people. From 2009-2011, only 9% of 29 to 34 year olds purchased their first home compared to 17% in 2001. [CAP, [4/10/13](#); CAP, [5/16/13](#); CAP, [11/21/13](#)]
  - An estimated 62% of workers ages 30 to 39 will not have sufficient resources to retire. This number increased by 9% from 2007 to 2010, and is significantly higher than for older age groups. [CAP, [4/10/13](#)]

### 3. **Importance of Higher Education in Today's Economy**

- **A college degree improves job opportunities.** In 2012, the unemployment rate for workers with a bachelor's degree was 4.5%, compared to 8.3% for those with just a high school diploma. For young adults between the ages of 25 to 34, the difference was even more dramatic - individuals with just a high school diploma were three times as likely to be unemployed as individuals with a bachelor's degree. [Department of Labor; [12/19/13](#); TICAS, [2/13](#)]
- **A college degree is critical for moving up the economic ladder.** College graduates from low-income families are more than five times more likely to leave the bottom quintile of income earners than non-college graduates. Without a college degree, a child from a family in the lowest quintile of income distribution has a 45% chance of remaining in that quintile as an adult and only a 5% chance of moving into the highest quintile of income distribution. [Hamilton Project, [6/13](#)]
- **A college degree increases lifetime earnings.** A college degree is the key to economic opportunity, providing substantially higher earnings for those with a degree than those without. A worker with a bachelor's degree will earn over 75% more during their lifetime than a worker with only a high school diploma. Workers with a bachelor's degree earn an average of \$2.3 million over their lifetime, compared with \$1.3 million for those with a high school diploma. [Georgetown University, [8/5/11](#)].
- **College graduates will grow the American economy.** A college education not only improves the economic well-being for individuals and their families, but can grow the overall economy. A recent study found that the U.S. could add \$500 billion to the Gross Domestic Product over the next 15 years by increasing the number of workers with post-secondary education by 20 million. [Georgetown University, [6/29/11](#)]
- **An educated workforce is essential to our nation's economic competitiveness.** American companies and businesses need a highly skilled workforce to compete in the global economy. However, while the U.S. has one of the highest percentages of adults ages 55 to 64 with a college degree out of 34 developed countries, among adults ages 25 to 34, the U.S. falls to 16<sup>th</sup> place, with only 43% of young adults possessing a college degree. [OECD, [9/13/11](#); Departments of Treasury and of Education, [12/12](#)]